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PROGRAMME BUDGET FOR THE BIENNIUM 1994-1995

Construction of additional conference facilities at Addis Ababa and Bangkok

Report of the Secretary-General

I. INTRODUCTION

1. In sections III and XI of its resolution 39/236 of 18 December 1984, the General Assembly approved the construction of additional conference facilities at the Economic Commission for Africa (ECA) at Addis Ababa and a construction project for the expansion of conference facilities at the Economic and Social Commission for Asia and the Pacific (ESCAP) at Bangkok.

2. In accordance with that resolution annual progress reports have been submitted on both construction projects. The present report reviews the progress on the projects at Addis Ababa and Bangkok since the previous report was submitted to the General Assembly at its forty-eighth session (A/C.5/48/30).

II. EXPANSION OF CONFERENCE FACILITIES AT THE HEADQUARTERS OF THE ECONOMIC COMMISSION FOR AFRICA AT ADDIS ABABA

A. Status and development of the project

3. The construction project as originally approved by the General Assembly in 1984 was estimated to cost $73,501,000 or 102,085,000 European currency units (ECUs) at the November 1984 exchange rate. However, following the delays detailed in previous reports of the Secretary-General to the General Assembly, international tendering during 1990 resulted in an estimated total cost of $107,576,900 or ECU 78,523,400 for the project. While strict cost control by the Secretariat in cooperation with the architect/engineer and the quantity surveyor had achieved a cost reduction of some ECU 23 million, these economies

were more than offset by the 47 per cent decline in value of the United States dollar relative to European currencies as reflected in the ECU over the period November 1984 to November 1990.

4. The general status and development of the project and relevant aspects of the situation in Ethiopia through September 1993 were outlined in paragraphs 5 to 10 of the Secretary-General's report to the General Assembly at its forty-sixth session (A/C.5/46/22), in paragraph 6 of the report submitted at the forty-seventh session (A/C.5/47/11), and in paragraph 6 of the report submitted at the forty-eighth session (A/C.5/48/30). The principal developments since that time are as follows:

(a) The situation whereby only one shipping line has been accepting direct commercial shipments from Italy to Assab has continued to prevail. Arrangements by the contractor for advance bookings for the shipment of materials remain ineffectual. Although the contractor has accelerated procurement and has established large buffer stocks of various items in Addis Ababa to minimize construction delays owing to unavailability of materials, air shipment continues to be necessary in certain cases. Transshipment from nearby ports, as an alternative to unreliable direct shipment from Europe, has not improved the delivery of materials;

(b) The situation with regard to commercial transport from Assab to Addis Ababa continues to be stable. In the past year there have been occasions where transport for supply of local materials (sand, gravel, cement) from outside the city has been restricted, but this has not significantly affected the progress of the work.

B. Progress of construction

5. A large amount of work has been accomplished since the submission of the previous report. The pace of work has improved to some extent from the levels reached in 1993, however, despite repeated assurances by the contractor in the past year that much larger increases in production would occur shortly, the contractor has consistently failed to achieve the higher production rates anticipated by his revised timetable.

6. In the past year the exterior of the structure has been largely completed and most of the remaining work involves installation of the interior finishes, electrical services and specialized equipment. The space frames covering the two main conference rooms and the large central area have been erected and covered with roof decking. Further, the space frame over the delegates' entrance was erected in August. Problems reported in the previous report regarding the roofing membrane covering the space frames have been resolved satisfactorily and a different material installed. Installation of windows and roofing has been completed and the building is sufficiently weather-tight to permit installation of interior finishes and services. Installation of mechanical equipment is nearing completion and elevator work has commenced. Additional foremen and senior workers will arrive at the site in October to increase production in electrical installation and other trades which have been

lagging. A large amount of work in finishes and specialized systems is scheduled for the next three months.

7. Structural work on the external works is approximately 80 per cent complete. The principal work remaining involves boundary walls, retaining walls and the connection of the link bridges to the existing Extension Office Building. The north car park and water reservoir have been completed, the south car park is approximately 90 per cent complete and structural work for the boiler room, transformer vaults and the emergency generator room has been completed. Rough grading for roadways has begun in some areas and discussions are in progress with local authorities regarding the widening and reconstruction of the easterly street which will provide the main access to the new conference centre. The contract for installation of the new telephone system and local area network cabling has been awarded and work will commence in October.

C. Project timetable

8. The contractor is legally responsible for the scheduling, organization, and direction of the construction. It is important that the owner and the consultants avoid taking over any of these functions from the contractor or interfering with the contractor's operations. Within this context, the United Nations and the consultants have made extensive efforts to encourage and facilitate better coordination and planning by the contractor. Further, the contractor has continually been reminded of the contractual penalties for late completion. To minimize delays caused by rejected or remedial work, the contractor has been repeatedly admonished to improve supervision at the foreman and subforemen levels. To this end, the consultant's site staff has been increased substantially to provide full technical assistance, support and advice to the contractor. Furthermore, the consultants have provided extraordinary assistance to the contractor's activities relating to coordination of the work of the various subcontractors and suppliers of specialized equipment. While the consultants' efforts have a great effect on the quality of the work and help eliminate or mitigate specific potential causes of delay, the consultants nevertheless have little control over the quantity of work performed by the contractor, nor can they compel the contractor to increase his overall rate of production.

9. The contractor's latest timetable projects substantial completion of construction in the second quarter of 1995, with commissioning completed during the third quarter. However, the consultants and the Administration consider this projection achievable only with extraordinary improvement in the contractor's performance and note that it is dependent upon flawless coordination of the work of all trades and subcontractors. Monthly production continues to fall well below the levels predicted by the contractor. On the basis of experience, completion is considered likely to be delayed two to four months beyond the date projected by the contractor.

10. The contractor's workforce is now approximately 1,500 workers. Double shift work has been attempted sporadically but thus far has had little effect on production levels. Double shift work is expected to commence shortly in several mechanical and finishing trades.

D. Financial aspects

11. As of 31 July 1994, disbursements amounted to $59,408,537. Despite various measures to compensate for difficulties, the contractor has not been able to increase his activities during the past year to meet planned disbursement levels. Owing to various shipping, organizational and coordination problems of the contractor and subcontractors, monthly production remains less than two thirds of scheduled rates. None the less, the contractor confidently projects major increases in production in the fourth quarter of 1994 and during 1995.

12. It will be recalled that the construction contract provides for an extension equal to any force majeure period, plus whatever additional period is required for normal operations to resume under the specific circumstances. The particulars of the contractor's claims for compensation for force majeure and other changed conditions were outlined in paragraph 10 of the Secretary-General's report to the General Assembly at its forty-seventh session (A/C.5/47/11) and paragraphs 2 and 3 of the report of the Advisory Committee on Administrative and Budgetary Questions (A/47/7/Add.2). Discussions with the contractor on the question of the extension of the construction period resulting from the force majeure situation as well as on the extent of compensation allowed under the terms of the construction contract for expenses of permanent staff and equipment idled during the force majeure period have been satisfactorily concluded. The resolution of the claims for additional costs owing to changed conditions has been incorporated in an amendment to the construction contract. The settlement of the claims has been fully absorbed within the provisions of the estimates presented in 1990 and has not resulted in any increase in the estimated total project cost of $107,576,900.

13. An appropriation of $17,241,900, the balance of authorized total project cost, was provided under section 30 of the programme budget for the biennium 1994-1995. No appropriation for the construction project in Addis Ababa is scheduled for the biennium 1996-1997.

III. EXPANSION OF THE CONFERENCE FACILITIES OF THE ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC AT BANGKOK

A. Completion of the project

14. The project at Bangkok was resumed in 1988 pursuant to the terms of General Assembly resolution 42/211 on the basis of the scope of facilities originally approved and as reflected in the previously completed plans and specifications. Construction of the new conference centre began in May 1989 and was completed in the first quarter of 1993, followed by an inauguration ceremony on 9 April 1993. The maintenance guarantee period ended on 21 March 1994.

15. The new United Nations conference centre at Bangkok is considered to be one of the premier facilities in the region and has already been designated as the venue for a number of major conferences, exhibitions and smaller meetings. Utilization of the conference centre has exceeded the most optimistic expectations, and includes numerous secretariat meetings and seminars, as well as the working groups and monthly meetings of the Advisory Committee of

Permanent Representatives to ESCAP. In addition to those conferences detailed in paragraph 13 of the report of the Secretary-General to the General Assembly at its forty-eighth session (A/C.5/48/30), the following is a selection of further major meetings held in the first eight months of 1994:

January - Meeting on Implementation Strategy for the Bali Declaration on Population

- Seminar on Strategic Planning for the Bangkok Metropolitan Region

- Regional Preparatory Meeting for the Ninth United Nations Congress on Prevention of Crime and the Treatment of Offenders

February - Consultative Meeting among Executive Heads of Subregional Organizations

- Eightieth session, Consultative Committee on Administrative Questions

- Thirty-ninth session, International Civil Service Commission

March - Preparatory Meeting for the Ministerial Conference on Space Applications

- Regional Meeting on the Convention on Desertification

- Second session, Special Body on Pacific Island Developing Countries

April - United Nations Industrial Development Organization/ESCAP Workshop on Women in Manufacturing

- ESCAP/Thailand Development Research Institute (TDRI) Conference on the Association of South-East Asian Nations (ASEAN) Free Trade Area and Beyond

May - 1994 World Seminar on Global System for Mobile Communications

- ESCAP/World Bank Seminar on East/South East Asian Growth

June - Meeting on Resettlement and Repatriation of Indochinese Refugees

- Inter-Agency Task Force on Water for Asia and the Pacific

- Expert Group Meeting on the Promotion of Non-Handicapping Environments for Disabled and Elderly Persons

- United Nations Development Programme/Department of Humanitarian Affairs Disaster Management Training Programme

July - Meeting on Development in International River Basins in Asia

- Regional Preparatory Meeting for the World Summit for Social Development

- Seminar on Strategic Planning for the Bangkok Metropolitan Region

August - Meeting on the Asian Highway Project

- First International Congress on Science and Technology for Indochina

B. Financial aspects

16. As reported to the General Assembly at its forty-sixth session, the revised project cost of the construction project at Bangkok was estimated at $48,540,000, namely $4,362,300 (9.87 per cent) over the amount of $44,177,700 approved in principle by the General Assembly in its resolution 39/236. With the approval of the Assembly, this additional requirement was covered by interest earned on construction appropriations during and after the period of suspension, and no additional appropriation was required under the regular budget beyond the amount of $44,177,700 originally approved. In contrast, the current replacement cost of the building is estimated at some $70 million.

17. As of 31 July 1994, disbursements amounted to $45,773,848, including payments related to the installation of the new telephone system and local area network cabling and other work outside the main construction contract. The final account of the construction contract, including all remeasurements and variation orders, has been prepared by the quantity surveyor. Following agreement of the final account with the contractor, release of remaining retention money, and final payments to the contractor, consultants and suppliers will be made. A final report on the construction of additional conference facilities at ESCAP at Bangkok will be submitted to the General Assembly at its fiftieth session.

IV. CONCLUSION

18. In conclusion it may be noted that in spite of a two year suspension of the construction projects, a serious force majeure situation in Ethiopia, changed requirements for communications, local area network cabling, handicapped access and security over the past decade, the Administration has been able to achieve the completion of the project at Bangkok at no increase in the appropriation schedule approved in 1984. Furthermore, the Administration anticipates that the project in Addis Ababa will be completed at a substantially lower cost when measured in ECU than was estimated in 1984.

19. In accordance with General Assembly resolution 39/236, progress reports on the project in Addis Ababa will be submitted to the Assembly annually until construction is completed.